

UNITED STATES OF AMERICA) CRIMINAL NO. 04-54-A
)
 v.)
)
 MICHAEL FRANKLIN HARDY, JR.,)
)
 Defendant.)

Were this case to go to trial, the government would prove beyond a reasonable doubt by competent and admissible evidence the following:

1. From in or about October 2003, to on or about November 24, 2003, in Arlington, Fairfax, Prince William and Fauquier Counties, Virginia, in the Eastern District of Virginia and elsewhere, defendant MICHAEL FRANKLIN HARDY, JR. ("HARDY") knowingly and willfully combined, conspired, confederated and agreed with Patrick Forest Call and Jeramy Wayne Hitt, ("Call" and "Hitt," respectively) to commit the offense of money laundering, in violation of Title 18, United States Code Section 1956(h).

2. The agreed purpose of the conspiracy was to target vulnerable, elderly homeowners and induce them to contract with the defendants for home repairs and yard work by intentionally misrepresenting to the homeowners that work was needed when in fact it was unnecessary or minor; then charge the homeowners

fees far in excess of the value of any work performed and bill them multiple times; induce the homeowners to write checks to the defendants with the payee lines blank; and then, for the purpose of concealing the actual ownership or control of the proceeds, have acquaintances of the defendants fill in the payee line with their own names, cash the checks, and give the proceeds to the defendants.

3. On October 30, 2003, HARDY, Call and Hitt went to the residence of Mary E. Richey, located at 4400 Lowell Street, N.W., in Washington, D.C. At the time Ms. Richey was 85 years old and lived by herself. Call had been told by another person who had done work at the residence that Ms. Richey needed some home repair work. Once at the residence they agreed that HARDY would approach Ms. Richey. He did so, and Ms. Richey hired the three men to repair the back porch roof of her residence.

4. The three then departed for a local Home Depot store where Call purchased approximately \$200 worth of materials for the roof. They returned to the residence and Hitt prepared an invoice describing the work to be done and reflecting a cost of \$3,525 for materials. The invoice did not address how much they would charge for labor. Before they left that day Ms. Richey wrote them a check for \$3,545 for the materials. She was told to leave the payee line on the check blank.

5. Call, HARDY and Hitt returned to Culpeper, Virginia by car, using a route through territory within the Eastern District of Virginia. In Culpeper Hitt induced a friend to enter her name on the payee line and cash the check, a transaction affecting interstate commerce that occurred at a bank that regularly conducts activities affecting interstate commerce. The friend then gave the proceeds to the defendants. After deducting his expenses and paying the check casher, Call divided the remainder among Hitt, HARDY and himself.

6. The next day, October 31, 2003, Call, HARDY and Hitt returned to Ms. Richey's residence. HARDY spoke with her again, after which Ms. Richey agreed to hire them to repair the main roof of the residence and to do some additional repairs and general tree and yard work. Before leaving that day, Ms. Richey wrote three more checks for \$4,250, \$2,850 and \$5,850. As before, she was told to leave the payee line blank. After the three returned to Culpeper, Virginia, via the Eastern District of Virginia, with these checks, they again enlisted others to enter their own names on the payee lines and cash the checks. These transactions affected interstate commerce and occurred at banks that regularly conduct activities affecting interstate commerce. In each instance the person enlisted to cash the check then gave the proceeds to the defendants, after which Call deducted for expenses and Call, Hitt and HARDY divided what remained.

7. Between October 30, 2003 and November 24, 2003, Hitt prepared three additional documents, titled "Proposals," which described roofing, tree, and yard work and which reflected that Ms. Richey agreed to pay them \$30,775, \$30,000 and \$22,500 for the work. She did, in fact, write the following additional checks in payment for the work:

| <u>Date</u> | <u>Amount</u> |
|-------------------|--|
| November 3, 2003 | \$6500.00 \$2400.00 |
| November 6, 2003 | \$6500.00 \$4000.00 |
| November 7, 2003 | \$3500.00 \$2200.00 |
| November 12, 2003 | \$6500.00 \$5850.00 |
| November 14, 2003 | \$7680.00 |
| November 17, 2003 | \$7500.00 |
| November 17, 2003 | \$7500.00 \$7500.00 \$7500.00 \$6500.00 |
| November 24, 2003 | \$7500.00 \$7500.00 |

The total amount of the checks written by Ms. Richey in payment to Call, HARDY and Hitt was \$113,125.00. In each case, the payee line was left blank and the defendants paid someone else to fill in the payee line and cash the check, a transaction affecting interstate commerce that, in each instance, occurred at a bank that regularly conducts activities affecting interstate commerce. The check casher then gave the proceeds to

the defendants, who divided it among themselves after expenses were deducted.

8. Three of the checks identified in paragraphs 6-7 were cashed at banks within the Eastern District of Virginia, as follows:

| <u>Date of Check</u> | <u>Date Cashed</u> | <u>Amount</u> |
|----------------------|--------------------|---------------|
| October 31, 2003 | November 3, 2003 | \$5850 |
| November 24, 2003 | November 25, 2003 | \$7500 |
| November 24, 2003 | November 26, 2003 | \$7500 |

9. The fair market value for the materials used and labor expended by Call, Hitt and HARDY on Ms. Richey's residence was not greater than \$10,000.

10. The defendant admits and agrees that he knowingly, willfully and intentionally entered into the conspiracy to money launder as described above, that during the course of the conspiracy he knew its object and purpose, and that his actions were not the result of accident, mistake or other innocent reason.

Relevant Conduct

11. As part of the same course of conduct, between October 14 and December 17, 2003, Hitt and HARDY also contracted with Donald Nye Rice and his wife, Martha, to do home repair and yard

work at their residence in Richmond, Virginia. Mr. Rice was 86 years old at the time. The Rices paid Hitt and HARDY with multiple checks totaling \$30,900.00, an amount Hitt and HARDY charged knowing and intending it to be far in excess of the actual value of work performed. Hitt and HARDY asked the Rices to leave the payee line blank on each check, after which they induced another person to fill in the payee line with their own name, cash the checks at a bank that regularly conducts activities affecting interstate commerce, and convey the proceeds to Hitt and HARDY. The fair market value of the work done on the Rice residence was not more than \$5,000.

Respectfully submitted,

Paul J. McNulty
United States Attorney

Michael E. Rich
Andrew E. Lelling
Assistant United States Attorneys

After consulting with my attorneys and pursuant to the plea agreement entered into this day between the defendant and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States could have proved the same beyond a reasonable doubt.

MICHAEL FRANKLIN HARDY, JR.
Defendant

I am MICHAEL FRANKLIN HARDY, JR.'s attorney. We have carefully reviewed the above Statement of Facts with him. To our knowledge, his decision to stipulate to these facts is an informed and voluntary one.

ROBERT L. JENKINS, JR.
Counsel for the Defendant